GOVERNMNET OF ANDHRA PRADESH
ABSTRACT

WATER RESOURCES DEPARTMENT – Incorporation of Special Purpose Vehicle (SPV) as a 100 % State owned company under Water Resources Department under the Companies Act, 2013 in the name & style of "**Andhra Pradesh -Krishna Kolleru Salinity Mitigation Projects Corporation Limited** (**AP KKSMPCL)**" or such other name as approved by the Registrar of Companies (ROC), Ministry of Corporate Affairs, Government of India – Permission- Accorded.

WATER RESOURCES (Projects-II) DEPARTMENT

G.O.MS.No. 63 **Dated: 02-12-2020.**

Read:

From the Engineer-In-Chief (Irrigation), W.R.Department, Vijayawada Letter No. ENC(I)/WRD/AP/2020, dated:01.09.2020 & 05.11.2020.

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O R D E R:

In the reference read above, the ENC (Irrigation), Vijayawada has reported that the Krishna River although identified as a perennial river but for the past two decades it is experiencing either extreme floods with heavy flows for short duration or serve drought conditions with lean or no flows, owing to the erratic behavior of monsoon. Kolleru Lake is one of the largest natural fresh water lake located in Andhra Pradesh and forms the largest shallow fresh water lake in Asia. The lake is fed by seasonal Budameru in Krishna District and Thammileru stream in West Godavari district and is connected to the Krishna and Godavari Irrigation systems by over 67 major and minor notified drains and 46 non notified drains. Salt water intrusion has become a major problem in coastal regions owing to decrease in Ground water Levels, scanty rainfall and no water flow in Krishna river for major part of the year. It is estimated that salt water intrusion is increasing every year protruding as much as 40 Kms from the coast to Vijayawada. In addition to above, ground water depletion and sharp dip food grain yield owing to monsoon failure have made water storage and rejuvenation of the ground water table a top priority. To overcome these challenges and provide minimum water security to Krishna and Godavari districts, it is proposed to construct barrages and regulators, lift irrigation schemes and enhance the capacities of existing canal systems serving the region. A total of (6) projects have been identified under the above programme viz., (i) Construction of New Barrage at 12Km downstream of Prakasam Barrage (ii) Construction of New Barrage at 62 Kms downstream of Prakasam Barrage (iii) Cross Regulator cum Bridge cum lock on Upputeru river at Km 46.40 (iv) Cross Regulator cum Bridge cum Lock on Upputeru river at Km 47.80 (v) Construction of Regulator at Km 1.40 i,e., Padathadika in straight cut portion. (vi) Construction of Out fall sluice cum DLB on Pedalanka major and the Project is proposed to be named as Krishna Kolleru Salinity Mitigation Projects and these 6 projects have a capital outlay of INR 2,952 Crores (approx) and more projects can be added in future based on the requirement.

2) The ENC (Irrigation), Vijayawada has further reported that, in order to fund the implantation of the Krishna Kolleru Salinity Mitigation Projects, domestic and international financial institutions are planned to be approached for which an SPV is proposed to be created under the W.R.Department to be responsible for the funding, project management and to oversee these projects. The advantages of utilizing an SPV are as follows….

a)	Through forming a separate SPV, any financial difficulties/constraints of the new projects cannot spill over into any other Government Project and vice versa.

b)	The SPV can arrange financing through loans from financial institutions and even has the option to tap into public markets
c)	The SPV shall enable efficient monitoring of projects progress in a transparent manner.

3) The ENC (Irrigation), Vijayawada has further reported that the SPV is considered a **70:30 Debt-Equity Split** for the total funding requirement based on the multiple communications with the financing agencies. However, we shall explore the possibility of decreasing the equity share to either 20% or 10%. The total equity requirement for the projects identified over the four year period shown above is INR 1,033 Crores and the corresponding debt requirement over the same four year period is INR 2,409 Crores. The equity requirement may be termed the total authorities share capital for the SPV and the initial paid-up share capital is mooted as INR 4.44 Crores. This initial paid-up share capital shall be required from the budget of W.R. Department.

4) The ENC (Irrigation), Vijayawada has therefore, requested the Government to accord approval **with regards to the utilization of the budget of W.R.Department for the paid-up share capital, the name and address of the SPV and the composition of the Board of Directors and Organization Structures.** Any suggestions for modifications to the above parameters are welcome and shall be incorporated. Following approval from the Government, **the process of registration of the SPV will be taken up with the Ministry of Corporate Affairs**. And also requested to kind support to enable the formation of Special Purpose Vehicle at the earliest. In order to tap necessary funds required for implementation of the **Krishna Kolleru Salinity Mitigation Project.**

5) Government after careful examination of the matter, hereby accord permission to the ENC (Irrigation), Vijayawada for Incorporation of Special Purpose Vehicle (SPV) as a 100 % State owned company under Water Resources Department under the Companies Act, 2013 in the name & style of "**Andhra Pradesh Krishna Kolleru Salinity Mitigation Projects Corporation Limited** (**AP KKSMPCL)**", subject to the following conditions:

a. The initial paid-up share capital will be kept at Rs.5.00 crores & met from the budget of the W.R. Department. The paid-up share capital can be raised to appropriate levels, at periodic intervals, basing upon the requirement.
b. The positions in the company shall be staffed by deputing personnel with the necessary skill-set from the W.R. Department.
c. The position of Company Secretary shall be filled only after the activities of the company achieves a critical mass.
d. The debt shall be secured by the company, at the most concessional rate of interest & terms, with the prior consent of the Finance Department.
e. All the statutory compliances as mandated under the Companies Act for the incorporation as well as the operation of the company are strictly adhered to.

The details of Name, objective, composition of Directors and Shareholders for the incorporation of **Andhra Pradesh Krishna Kolleru Salinity Mitigation Projects Corporation Limited** (**AP KKSMPCL)** with Ministry of Corporate Affairs are detailed below…..

#.	Description	Details	
1.	Name of the SPV	AP Krishna Kolleru Salinity Mitigation Scheme Projects Corporation Limited (AP KKSMPCL)	
2.	Objective of the company	The objective of the company is to implement projects under the Krishna Kolleru Salinity Mitigation Schemes to provide water security and improve the social and economic structure of the Krishna and Godavari districts.	
3.	Type of entity	Public Limited Unlisted Company	
4.	Initial paid-up share capital*	Rs. 5,00,00,000/- (Rupees Five Crores only)	
5.	Composition of Directors	1. Chairman and Managing Director – Special Chief Secretary / Principal Secretary / Secretary, Water Resources Dept	Shri. Aditya Nath Das, IAS
		2. Director- Principal Finance Secretary / Secretary, Finance Department	Shri. Shamsher Singh Rawat, IAS
		3. Director– Engineer-in-Chief, Irrigation Department	Shri. C Narayana Reddy

6. Details of shareholders *(Nominal value of each share is INR 10)*

#	Shareholder	Name of the Subscriber as on date	No. of Shares
1	Government of Andhra Pradesh (Water Resources Department) represented by Special Chief Secretary / Principal Secretary / Secretary, Water Resource Department	Shri. Aditya Nath Das, IAS	49,99,994
2	Principal Finance Secretary / Secretary, Finance Department	Shri. Shamsher Singh Rawat, IAS	1
3	Engineer-in-Chief, Water Resources Department	Shri. C Narayana Reddy	1
4.	Chief Engineer (Projects), Godavari Delta System	Shri.Sridhar V	1
5.	Chief Engineer, QC Wing, Coastal Region &APERL, Vijayawada	Shri. Satish Kumar Revu	1
6.	Superintending Engineer, IC, Vijayawada	ShriNarashima Murthy Kancharana	1
7.	Superintending Engineer, IC, Eluru	ShriSurya Prakasa Rao Kolluri	1
Total			**50,00,000**

6) The Engineer-In-Chief(Irrigation), Vijayawada shall take further action accordingly.

7) This order issues with the concurrence of Finance (FMU.WR.I) Department vide their U.O.No.FIN01-FMU0MRAS(WR2)/268/2020-FMU-WR-II **Computer No:** 1251908, dated:27.10.2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ADITYA NATH DAS
SPECIAL CHIEF SECRETARY TO GOVT

To
The Engineer-In-Chief(Irrigation), Irrigation Compound, Vijayawada.

Copy to:

The P.S to Addl. Secretary to Chief Minister.
The P.S to Hon'ble Minister for Water Resources.
The P.S to Special Chief Secretary to Government (WRD).
Finance (FMU- WR.II) Dept.,
General Administration (Cabinet) Dept., (w.r.to their U.O.No.209-1/2020, dated:27.11.2020.)
Sf/Sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER